

## Message Text

LIMITED OFFICIAL USE

PAGE 01 HONG K 05214 110517Z

12

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 PA-04 RSC-01 SIL-01 USIA-15 PRS-01 DRC-01

SS-20 NSC-07 SAM-01 /093 W

----- 118068

R 100351Z MAY 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 681

INFO AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USLO PEKING

LIMITED OFFICIAL USE HONG KONG 5214

E.O. 11652: N/A

TAGS: ETRD CH

SUBJECT: STATUS REPORT ON THE 1974 SPRING CANTON TRADE FAIR

REF: HK 4640

SUMMARY: AS THE 1974 SPRING CANTON TRADE FAIR ENTERS ITS FINAL WEEK, EXPERIENCED TRADERS ARE BEGINNING TO DESCRIBE IT AS "THE WORST FAIR IN YEARS." TO DATE, THE FAIR HAS BEEN MARKED BY PARTICULARLY LOW EXPORT OFFERINGS AND GENERALLY HIGH PRICES, ABOVE WORLD MARKET LEVELS. MORE AMERICANS HAVE ATTENDED THAN EVER BEFORE, BUT ARE BUYING LESS. SALES BY ALL COUNTRIES APPEAR DOWN AND IT IS DOUBTFUL THAT TOTAL VALUE OF BUSINESS DONE WILL EQUAL THAT OF PREVIOUS FAIRS. THIS MESSAGE UPDATES PREVIOUS REPORTS ON THE FAIR AND DISCUSSES BUSINESS DONE IN VARIOUS COM-MODITIES. END SUMMARY.

1. FOLLOWING IS A REPORT FROM USLO OFFICER ROPE, NOW AT THE 1973 SPRING CANTON FAIR.

2. AS THE SPRING FAIR HEADS INTO ITS FINAL WEEK, FACES  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HONG K 05214 110517Z

ARE GROWING LONGER AT THE TUNGFANG HOTEL WHERE MOST

WESTERNERS ARE HOUSED. WHAT STARTED AS A SLOW SPRING FAIR (REFTEL) IS NOW BEING CHARACTERIZED BY MANY OLD TIMERS AS "THE WORST FAIR EVER" OR "THE WORST FAIR IN YEARS." SPRING FAIRS ARE USUALLY SMALLER THAN FALL FAIRS DUE TO LESSER AVAILABILITIES OF AGRICULTURAL PRODUCTS; BUT THIS FAIR IS MARKED BY PARTICULARLY LOW EXPORT OFFERINGS AND GENERALLY HIGH PRICES, ABOVE WORLD MARKET LEVELS. AS A RESULT, PURCHASING BY EUROPEANS, JAPANESE AND AMERICANS WILL CERTAINLY BE DOWN IN VALUE FROM LAST AUTUMN'S FAIR, AND PROBABLY BELOW THE 1973 SPRING FAIR LEVEL AS WELL, UNLESS THERE IS A MAJOR CHANGE IN THE NEXT SEVEN DAYS.

3. LOOKING AT THE FAIR BY CORPORATIONS, LIGHT INDUSTRIAL PRODUCTS HAVE BEEN IN VERY SHORT SUPPLY, AT LEAST TO WESTERNERS (THERE ARE MORE THIRD WORLD TRADERS AT THIS FAIR THAN IN RECENT YEARS), SO HAVE FOODSTUFFS AND MANY ITEMS SOLD BY THE NATIVE PRODUCE AND ANIMAL BY-PRODUCTS CORPORATION. IN CHEMICALS, CHINESE OFFERS OF BASIC CHEMICALS HAVE BEEN SHARPLY REDUCED, AND THOSE AVAILABLE ARE PRICED TOO HIGH. THE SAME IS TRUE IN MINERALS AND METALS, THOUGH SIGNS OF A BREAK IN PRICE AND AVIALABILITY ARE NOW EMERGING AND BUSINESS IS BEGINNING TO BE DONE. ONLY IN TEXTILES HAS BUSINESS BEEN REASONABLY BRISK, THOUGH NOT WITH THE UNITED STATES WERE A DECLINING MARKET FOR PIECE GOODS AND HIGH US TARIFFS FOR GARMENTS HAVE KEPT BUSINESS WELL DOWN FROM THAT DONE BY THE US LAST FALL.

4. ON THE SELLING SIDE, THE SITUATION HAS BEEN EQUALLY POOR. MAJOR WESTERN CHEMICALS SUPPLIERS FIND CHINESE PRICE OFFERS SO LOW AS TO PRECLUDE SERIOUS NEGOTIATIONS. A NUMBER OF FIRMS HAVE ALREADY SENT THEIR REPRESENTATIVES HOME, THOUGH MOST WILL STAY TO THE BITTER END, HOPEING (WITH NO STRONG SENSE OF OPTIMISM) FOR A FINAL FLURRY OF CHINESE BUYING AS THE FAIR COMES TO A CLOSE. THE SITUATION IS SIMILAR IN METALS, THOUGH ALUMINUM TRADERS ARE CONVICTED THE CHINESE WILL FINALLY AGREE TO PAY CURRENTLY HIGH PRICES FOR THAT COMMODITY. MACHINERY NEGOTIATIONS ARE SLOW, AND SALES TO CHINA MAY WELL BE POOR, OVERALL.

5. THERE HAVE BEEN MORE AMERICANS AT THE CURRENT FAIR THAN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 HONG K 05214 110517Z

EVER BEFORE. THUS FAR, ABOUT 140 FIRMS HAVE BEEN REPRESENTED, AND PERHAPS 250-275 AMERICANS HAVE ATTENDED. MOST HAVE BEEN IMPORTERS, THOUGH SOME HAVE BEEN TRADERS WHO CAME TO SELL AS WELL AS BUY, AND A FEW HAVE BEEN PRIMARILY INTERESTED IN EXPORTING TO CHINA. AS INDICATED, US TEXTILES PURCHASES ARE DOWN, DESPITE THE PRESENCE OF MORE BUYERS THAN EVER BEFORE. ACCORDING TO THE DEPUTY SECRETARY GENRAL OF THE LIGHT INDUSTRIAL PRODUCTS CORPORATION, US PURCHASES IN THAT

AREA HAVE BEEN ABOUT THE SAME AT THIS FAIR AS LAST FALL. IF PURCHASES IMMEDIATELY PRECEDING THE FAIR ARE COUNTED, BUSINESS WITH THE NATIVE PRODUCE AND ANIMAL BY-PRODUCTS CORPORATION--IN GUM RESIN, FIREWORKS, BRISTLES AND TURPENTINE--HAS BEEN GOOD, PERHAPS TOTALLING \$6-7 MILLION.

6. IN CHEMICALS AND METALS, BUSINESS HAS BEEN POOR, AND NO PARTICULAR PROGRESS HAS BEEN MADE BY US FIRMS IN PROMOTING MACHINERY SALES. PERHAPS MOST DISAPPOINTING IN THAT RESPECT IS THE FAILURE OF BAKER OIL TOOLS, WHICH IS HERE WITH A LARGER DELEGATION THAN AT THE PREVIOUS TWO FAIRS, TO GAIN AN INVITATION TO PEKING OR EVEN TO HAVE PROMISING NEGOTIATIONS IN CANTON.

7. IN TERMS OF ATMOSPHERICS, THERE IS NO CHANGE AT THIS FAIR FROM THE RELAXED, NON-POLITICAL MOOD OF THE LAST FEW YEARS. AMERICANS SEEM AS WELCOME AS EVER AND THE MANY NEWCOMERS SEEM PLEASED WITH THEIR FIRST INTRODUCTION TO THE CHINA TRADE. IN CALLS ON THE SECRETARIES GENERAL OF THE VARIOUS STATE TRADING CORPORATION DELEGATIONS, THE REPORTING OFFICER FOUND THEM CORDIAL AND FORTHCOMING, AND GENERALLY WILLING TO DISCUSS SUBSTANTIVE ISSUES. (AN EXCEPTION WAS THE CEREALS, OILS AND FOODSTUFFS CORPORATION WHERE THE RECEPTION WAS NOT OVERLY FRIENDLY.) FAIR DEPUTY SECRETARY GENERAL WANG YUNG-CHIEN WAS HAPPY TO NOTE THAT MORE AMERICANS HAVE ATTENDED THIS FAIR THAN EVER BEFORE, EVEN AS HE ACKNOWLEDGED THAT TOTAL US PURCHASES WILL PROBABLY BE LESS THAN LAST FALL.  
CROSS

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE PROMOTION, BUSINESSMEN, FOREIGN RELATIONS, SALES, SUPPLIES, TRADE FAIRS, PRICES, CONTRACTS, CANTON, PROGRESS REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974HONGK05214  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740115-0653  
**From:** HONG KONG  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740558/aaaabzsv.tel  
**Line Count:** 144  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** HK 4640  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GarlanWA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 JUL 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 JUL 2002 by shawdg>; APPROVED <11 FEB 2003 by GarlanWA>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** STATUS REPORT ON THE 1974 SPRING CANTON TRADE FAIR  
**TAGS:** ETRD, CH, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005